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**STARRYLAND PROFITS LIMITED**

*(Incorporated in the British Virgin Islands with limited liability)*

**IA INTERNATIONAL HOLDINGS LIMITED**

**毅興科技國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 8047)*

## **JOINT ANNOUNCEMENT**

**(1) Proposed acquisition of Shares in IA International Holdings Limited  
by Starryland Profits Limited**

**(2) Possible mandatory unconditional cash offer by**



**Hantec Capital Limited**

**on behalf of Starryland Profits Limited**

**for all the issued Shares in IA International Holdings Limited**

**(other than those Shares already owned or agreed to be acquired by  
Starryland Profits Limited and Parties acting in concert with it)**

**Joint financial advisers to Starryland Profits Limited**



**INCU Corporate Finance Limited**



**Hantec Capital Limited**

### **The Offeror's Agreement**

On 12 July 2005, the Offeror entered into the Offeror's Agreement with, among others, the Vendor, pursuant to which, subject to the Conditions referred to below, the Offeror agreed to purchase and the Vendor agreed to sell 180,000,000 Shares for an aggregate consideration of HK\$4,320,000 (equivalent to approximately HK\$0.024 per Share). The Offeror's Sale Shares represent 60% of the entire issued share capital of the Company as at the date of this announcement.

\* *for identification purpose only*

Completion of the Offeror's Agreement will take place on the fourteenth Business Days after the fulfillment or waiver of the Conditions but in any event shall be no later than the Long Stop Date. Subject to and upon completion of the Offeror's Agreement, the Offeror will be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the Shares not already owned or agreed to be acquired by it or Parties acting in concert with it at HK\$0.024 per Share, representing a discount of approximately 87.7% to the closing price of HK\$0.195 per Share quoted on GEM on 12 July 2005, being the last day of trading in the Shares prior to the release of this announcement.

The principal terms of the Offer are set out in the section headed "Possible mandatory unconditional cash offer" below. INCU and Hantec are satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offer.

A composite document combining the offer document from the Offeror and the response document from the Company with regard to the Offer will be dispatched to the Shareholders within 21 days of this announcement.

An Independent Board Committee will be established to consider the terms of the Offer taking into account the advice from the independent financial adviser, and to advise the Independent Shareholders in respect of the Offer. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Offer and to advise the Independent Shareholders in respect of the Offer.

**Warning:**

**The Offer is a possibility only.**

**The Offer will only be made if the Offeror's Agreement is completed. Completion of the Offeror's Agreement is conditional upon the fulfillment or waiver of the Conditions and the Offeror's Agreement not being terminated by the Offeror in accordance with its terms. As completion of the Offeror's Agreement and the Offer may or may not proceed, Shareholders and investors are advised to exercise caution when dealing in the Shares.**

**The Investors' Agreements**

On 12 July 2005, the Vendor also entered into the Investors' Agreements with the Investors, which and whose ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, third parties independent of the Company and connected persons of the Company, the Offeror, Parties acting in concert with the Offeror and their respective connected persons for the sale of an aggregate of 45,000,000 Shares at an aggregate consideration of HK\$1,080,000 (equivalent to approximately HK\$0.024 per Investors' Sale Share), representing 15% of the entire issued share capital of the Company as at the date of this announcement and the remaining shareholding interests of the Vendor after the completion of the Offeror's Agreement. Completion of the Offeror's Agreement and the Investors' Agreements are not inter-conditional to each other.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 July 2005 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 July 2005.

## **THE OFFEROR'S AGREEMENT**

Date: 12 July 2005

Vendor: The Vendor

Purchaser: The Offeror

Warrantors: The Warrantors

### **Sale Shares**

The Offeror's Sale Shares comprise 180,000,000 Shares, representing 60% of the entire issued share capital of the Company as at the date of this announcement. The Offeror's Sale Shares to be acquired by the Offeror will be free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances or third party rights.

### **Consideration**

The Consideration is HK\$4,320,000 (equivalent to approximately HK\$0.024 per Offeror's Sale Share), and was negotiated and determined between the Offeror and the Vendor on a commercial arm's length basis with reference to (i) the latest financial performance of the Company and (ii) the liquidity of the Shares. The purchase price of HK\$0.024 per Offeror's Sale Share represents: i) a discount of approximately 87.7% to the closing price of HK\$0.195 per Share quoted on GEM on 12 July 2005, being the last day of trading in the Shares prior to the release of this announcement; ii) a discount of approximately 87.7% to the average of the closing prices of approximately HK\$0.195 per Share for the last 5 consecutive days of trading in the Shares up to and including 12 July 2005; iii) a discount of approximately 87.7% to the average of the closing prices of approximately HK\$0.195 per Share for the last 10 consecutive days of trading in the Shares up to and including 12 July 2005; and iv) a discount of approximately 57.1% to the consolidated audited net asset value of the Company of approximately HK\$0.056 as at 31 March 2005 based on the audited consolidated financial statements of the Group made up to 31 March 2005.

### **Payment terms**

The Consideration will be payable by the Offeror to the Vendor (or as Vendor may direct) upon completion of the Offeror's Agreement in cash. The payment terms were agreed upon after commercial arm's length negotiations between the Offeror and the Vendor.

## **Conditions**

Completion of the Offeror's Agreement is conditional upon, inter alia,:

- (a) trading in the Shares on GEM not being suspended for a period of more than five consecutive trading days prior to the Long Stop Date excluding any suspension for the purposes of clearing this announcement and any announcement and circular in relation to the sale and purchase of the Offeror's Sale Shares and/or the Offer by the regulatory authorities;
- (b) trading in the Shares on GEM not being revoked or withdrawn at any time prior to the Long Stop Date;
- (c) there being no indication from the Stock Exchange or the SFC that listing of the Shares will be suspended, revoked or withdrawn at any time after completion of the Offeror's Agreement, whether in connection with any of the transactions contemplated by the Offeror's Agreement or otherwise;
- (d) all necessary consents and approvals as may be required in respect of the purchase of the Offeror's Sale Shares and the transactions contemplated under the Offeror's Agreement having been obtained by the Offeror; and
- (e) the warranties given by the Vendor and the Warrantors under the Offeror's Agreement remaining true and accurate in all respects up to and including the Long Stop Date.

In the event that the Conditions are not fulfilled or waived by the Offeror on or before the Long Stop Date, the Offeror's Agreement shall cease and determine (save and except certain clauses which shall continue to have full force and effect) and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

The Offeror may at any time by notice in writing to the Vendor waive any of the Conditions (a) and (e) and such waiver may be made subject to such terms and conditions as are determined by the Offeror. The Vendor may at any time by notice in writing to the Offeror waive Condition (d) and such waiver may be made subject to such terms and conditions as are determined by the Vendor.

## **Completion of the Offeror's Agreement**

Subject to the fulfillment or waiver of the Conditions, completion of the Offeror's Agreement will take place on the fourteenth Business Days after the Conditions have been fulfilled or waived but in any event shall be no later than the Long Stop Date.

## **Termination of the Offeror's Agreement**

If at any time before completion of the Offeror's Agreement, legal proceedings claiming or disputing the title of the Vendor to the Offeror's Sale Shares or otherwise restraining or prohibiting the sale of the Offeror's Sale Shares by the Vendor as contemplated under the Offeror's Agreement, have been instituted against the Vendor, or letters of demand claiming, disputing, restraining or prohibiting the same have been issued against the Vendor, the Offeror may rescind the Offeror's Agreement by written notice to the Vendor.

## THE INVESTORS' AGREEMENTS

Date: 12 July 2005

Vendor: The Vendor

Purchasers: The Investors, together with their ultimate beneficial owners, who to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company, the Offeror, Parties acting in concert with the Offeror, and their respective connected persons. The ultimate beneficial owners of the Investors are private investors in Hong Kong. Each of the ultimate beneficial owners of the Investors are third parties independent of and not connected with each others. The name of the Investors and their respective ultimate beneficial owners, number of Investors' Sale Shares to be acquired, shareholding percentage and the respective Investors' Consideration are listed out below:

<u>Name of the Investors</u>	<u>Ultimate beneficial owners</u>	<u>Number of Investors' Sale Shares</u>	<u>% of shareholding</u>	<u>Investors' Consideration</u> <u>(HK\$)</u>
Wise Orient Limited*	Hung Yuk Yin	13,000,000	4.33%	312,000
Treasure Winner Enterprises Limited*	Yeung Man Wai	13,000,000	4.33%	312,000
Castleford Assets Limited*	Chan Siu Wing, Raymond	19,000,000	6.34%	456,000
Total		<u>45,000,000</u>	<u>15.00%</u>	<u>1,080,000</u>

\* *Each of the Investors is a company incorporated in the British Virgin Islands with limited liability, the principal activities of the respective Investors is investment holding.*

Warrantors: The Warrantors

### Sale Shares

The Investors' Sale Shares comprise an aggregate of 45,000,000 Shares, representing 15% of the entire issued share capital of the Company as at the date of this announcement and the remaining shareholding interests of the Vendor after the completion of the Offeror's Agreement. The Investors' Sale Shares to be acquired by the Investors will be free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances or third party rights.

None of the Investors will become a substantial shareholder of the Company according to the GEM Listing Rules upon completion of the Investors' Agreements.

### **Consideration**

The Investors' Consideration is HK\$1,080,000 (equivalent to approximately HK\$0.024 per Investors' Sale Share), and was negotiated and determined on a commercial arm's length basis with reference to (i) the latest financial performance of the Company and (ii) the liquidity of the Shares. The purchase price of HK\$0.024 per Sale Share represents: i) a discount of approximately 87.7% to the closing price of HK\$0.195 per Share quoted on GEM on 12 July 2005, being the last day of trading in the Shares prior to the release of this announcement; ii) a discount of approximately 87.7% to the average of the closing prices of approximately HK\$0.195 per Share for the last 5 consecutive days of trading in the Shares up to and including 12 July 2005; iii) a discount of approximately 87.7% to the average of the closing prices of approximately HK\$0.195 per Share for the last 10 consecutive days of trading in the Shares up to and including 12 July 2005; and iv) a discount of approximately 57.1% to the consolidated audited net asset value of the Company of approximately HK\$0.056 as at 31 March 2005 based on the audited consolidated financial statements of the Group made up to 31 March 2005.

### **Payment terms**

The Investors' Consideration will be payable by the Investors to the Vendor (or as Vendor may direct) upon completion of the Investors' Agreements in cash. The payment terms were agreed upon after commercial arm's length negotiations between the Investors and the Vendor.

### **Conditions**

Completion of the Investors' Agreements is conditional upon, inter alia,:

- (a) trading in the Shares on GEM not being suspended for a period of more than five consecutive trading days prior to the Long Stop Date excluding any suspension for the purposes of clearing this announcement and any announcement and circular in relation to the sale and purchase of the Investors' Sale Shares by the regulatory authorities;
- (b) trading in the Shares on GEM not being revoked or withdrawn at any time prior to the Long Stop Date;
- (c) there being no indication from the Stock Exchange or the SFC that listing of the Shares will be suspended, revoked or withdrawn at any time after completion of the Investors' Agreements, whether in connection with any of the transactions contemplated by the Investors' Agreements or otherwise;
- (d) all necessary consents and approvals as may be required in respect of the sale of the Investors' Sale Shares and the transactions contemplated under the Investors' Agreements having been obtained by the Investors; and
- (e) the warranties given by the Vendor and the Warrantors under the Investors' Agreements remaining true and accurate in all respects up to and including the Long Stop Date.

In the event that the above conditions are not fulfilled or waived by the Investors on or before the Long Stop Date, the Investors' Agreement shall cease and determine (save and except certain clauses which shall continue to have full force and effect) and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Each of the Investors may at any time by notice in writing to the Vendor waive the above conditions (a) and (e) and such waiver may be made subject to such terms and conditions as are determined by each of the Investors. The Vendor may at any time by notice in writing to each of the Investors waive the above condition (d) and such waiver may be made subject to such terms and conditions as are determined by the Vendor.

### **Completion of the Investors' Agreements**

Subject to the fulfillment or waiver of the Conditions, completion of the Investors' Agreements will take place on the fourteenth Business Days after such conditions have been fulfilled or waived but in any event shall be no later than the Long Stop Date. Completion of the Offeror's Agreement and the Investors' Agreements are not inter-conditional to each other. Further, completion of each of the Investors' Agreements are not inter-conditional to each other.

Each of the Investors has irrevocably undertaken to the Offeror, INCU and Hantec not to accept the Offer and not to dispose of or transfer any interests in the purchased Shares to be acquired under the Investors' Agreements during the offer period.

### **THE SHARE CHARGE**

The Sale Shares are currently subject to a Share Charge. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Lender and its ultimate beneficial owner, Mr. Yang Pei Gen, are third parties independent of the Company and connected person of the Company, the Offeror, Parties acting in concert with the Offeror, and their respective connected persons. The Lender has in principle agreed to the sale of the Sale Shares as contemplated under the S&P Agreements subject to the discharge of the Share Charge.

### **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

#### **Offer**

Following completion of the Offeror's Agreement, the Offeror and Parties acting in concert with it will be interested in 180,000,000 Shares, in aggregate, representing 60% of the entire issued share capital of the Company as at the date of this announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares outstanding and not already owned or held by the Offeror and Parties acting in concert with it.



## **Principal terms of the Offer**

Upon completion of the Offeror's Agreement, Hantec, on behalf of the Offeror, will make the Offer to acquire all the issued Shares outstanding and not already owned or held by the Offeror and Parties acting in concert with it on the following basis:

for each Share ..... HK\$0.024 in cash

The offer price of HK\$0.024 per Share is the same as the price to be paid by the Offeror to the Vendor for each Offeror's Sale Share under the Offeror's Agreement. The offer price of HK\$0.024 per Share represents:

- (i) a discount of approximately 87.7% to the closing price of HK\$0.195 per Share quoted on GEM on 12 July 2005, being the last day of trading in the Shares prior to the release of this announcement;
- (ii) a discount of approximately 87.7% to the average of the closing prices of approximately HK\$0.195 per Share for the last 5 consecutive days of trading in the Shares up to and including 12 July 2005;
- (iii) a discount of approximately 87.7% to the average of the closing prices of approximately HK\$0.195 per Share for the last 10 consecutive days of trading in the Shares up to and including 12 July 2005; and
- (iv) a discount of approximately 57.1% to the audited net asset value of the Company of approximately HK\$0.056 as at 31 March 2005 based on the audited consolidated financial statements of the Group made up to 31 March 2005.

## **Highest and lowest prices**

During the six-month period immediately preceding the date of this announcement, the highest and lowest closing prices of the Shares on GEM were HK\$0.3 per Share and HK\$0.195 per Share from 3 January 2005 to 12 July 2005 respectively.

The Offeror confirms that there have been no dealings in the Shares by the Offeror, Parties acting in concert with it in the past six months from 3 January 2005 to 12 July 2005 other than the proposed acquisition of the Offeror's Sales Shares by the Offeror from the Vendor pursuant to the Offeror's Agreement.

## **Conditions of the Offer**

The Offer, which is a mandatory unconditional cash offer when made, will only be made upon completion of the Offeror's Agreement which is conditional on the fulfilment or waiver of the Conditions.

## **Financial resources**

As at the date of this announcement, there are 300,000,000 Shares in issue. There are no options, warrants or other securities convertible into Shares as at the date of this announcement.



Based on the offer price set out above, the entire issued share capital of the Company is valued at approximately HK\$7,200,000 and all the Shares subject to the Offer (excluding the Investors' Sale Shares) are valued at approximately HK\$1,800,000.

INCUC and Hantec are satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offer.

### **Effect of accepting the Offer**

The Shares to be acquired by the Offeror under the Offer will be free from all rights of pre-emption, options, claims, equities, third party rights, liens, charges or encumbrances and together with all rights attaching thereto, including, the right to receive all dividends and distributions declared, paid or made after the date of the Offeror's Agreement.

### **Stamp duty**

Sellers' ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration arising on acceptance of the Offer or, if higher, the market value of the Shares and the transfer of the Shares will be payable by the relevant Shareholders and such amounts will be deducted from the consideration paid to the relevant Shareholders. The Offeror will pay the stamp duty on behalf of the Shareholders in respect of their acceptance of the Offer. This amount of stamp duty will be deducted from the amount payable to Shareholders who accept the Offer in the event the Offer materialises.

### **INFORMATION ON THE COMPANY**

The Company was listed on GEM on 1 November 2001. The Group is principally engaged in the research, development and provision of information-on-demand system solutions and the provision of related products and services. Based on the Company's audited consolidated income statement for the year ended 31 March 2004, the Group recorded a net profit of approximately HK\$1,532,000 (approximately 0.51 cents per Share) and for the year ended 31 March 2005, the Group recorded a net loss of approximately HK\$23,143,000 (approximately 7.71 cents per Share). Based on the Company's audited consolidated balance sheet as at 31 March 2004 and 31 March 2005, the Group's audited net assets were approximately HK\$41,242,000 and HK\$16,818,000 respectively.

Prior to completion of the S&P Agreements, the Vendor had an aggregate shareholding interest of 75% in the Company. The following table sets out the shareholding structure of the Company before and immediately after completion of the S&P Agreements:

	<b>Before completion of the S&amp;P Agreements</b>		<b>Immediately after completion of the S&amp;P Agreements</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
The Offeror and Parties acting in concert with it	–	–	180,000,000	60.00%
The Vendor <i>Note</i>	225,000,000	75.00%		
The Investors:–				
Wise Orient Limited*	–	–	13,000,000	4.33%
Treasure Winner Enterprises Limited*	–	–	13,000,000	4.33%
Castleford Assets Limited*	–	–	19,000,000	6.34%
Public	<u>75,000,000</u>	<u>25.00%</u>	<u>75,000,000</u>	<u>25.00%</u>
Total	<u><u>300,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>300,000,000</u></u>	<u><u>100.00%</u></u>

*Note:* These Shares are registered in the name of and beneficially owned by the Vendor and are subject to the Share Charge. The issued share capital of the Vendor is beneficially owned by Global Plus Ltd., which is wholly owned by Mr. Cheng Kwong Chung, Team Concept Limited, which is wholly owned by Mr. Chiu Ting San, Perfect Chance Limited, which is wholly owned by Mr. Wong Ping Wing and IT Motion Corp., which is wholly owned by Ms. Wang Lee Lee, in the proportion of approximately 35%, 25%, 25% and 15% respectively.

\* Each of the Investors is a company incorporated in the British Virgin Islands with limited liability.

Save as disclosed in this announcement, after completion of the S&P Agreements, the Vendor will not own any interests in the Company.

## **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in the British Virgin Islands on 28 April 2005 and is wholly owned by Mr. Lau. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Offeror and its ultimate beneficial owner, Mr. Lau, are third parties independent of the Company and connected persons of the Company and not Parties acting in concert with each of the Investors. Other than the entering into of the Offeror's Agreement, the Offeror has not conducted any business since its incorporation.

Mr. Lau was a former banker with several major international financial institutions. He has over 20 years experience in banking, trading and manufacturing industries and has a variety of business interests in both Hong Kong and the PRC. Mr. Lau holds a Bachelor of Science Degree in Accounting/ Business Management and a Master of Business Administration Degree from a US university. Prior to being a private investor managing his own diversified investments in 1993, Mr. Lau was the group managing director of Tomei International (Holdings) Limited (currently known as Omnicorp Limited (Stock Code: 94)), a major manufacturer in consumer electronics, for 7 years. Mr. Lau had been a council member of the City University of Hong Kong from 1992 to 1998.

## **INTENTION OF THE OFFEROR REGARDING THE GROUP**

It is the intention of the Offeror that the existing principal activities of the Group will remain unchanged immediately after the close of the Offer. The Offeror has no intention to dispose of or re-deploy the assets of the Group other than in the ordinary course of business and to inject its assets into the Group. Following completion of the Offeror's Agreement and the close of Offer, the Offeror intends to conduct a review of the Group's financial position and operations with a view to broadening and expanding the scope of business of the Group and will formulate a long-term strategy and plans for the Group.

## **PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY**

Currently, the Board comprises two executive Directors and three independent non-executive Directors. As at the date of this announcement, the Company's executive Directors are Mr. Li Ting and Mr. Zhang Fulin, and the Company's independent non-executive Directors are Ms. Leung Wai Ling, Wylie, Mr. Gui Gan and Ms. Guo Wen Hong. It is expected that all of the existing Directors except Mr. Zhang Fulin will resign and such resignation will take effect in full compliance with Rule 7 of the Takeovers Code. In addition, the Offeror intends to nominate one representative as new executive Director, Mr. Wong Hou Yan, Norman. The appointment of the aforesaid Director will not take effect earlier than the date of posting of the offer document to be issued by the Offeror in connection with the Offer in compliance with Rule 26.4 of the Takeovers Code. In addition, the Offeror is in the course of identifying suitable candidates to act as independent non-executive Directors and the nomination of whom has yet to be finalized as at the date of this announcement. Further announcement will be made upon the appointment and resignation of the Directors in compliance with the GEM Listing Rules and the Takeovers Code.

Set out below are the biographical details of the proposed executive Director to be nominated by the Offeror:

Mr. Wong Hou Yan, Norman ("Mr. Wong"), aged 52, has over 28 years of experience in the fields of information technology, project management, sales and support and quality assurance. Mr. Wong obtained a bachelor degree of arts in business data processing from the University of Wisconsin in the United States. Mr. Wong is currently an independent non-executive director of FX Creations International Holdings Limited, a company listed on GEM. Save as disclosed above, Mr. Wong did not hold directorship in any other listed public company in the last three years before the appointment.

Mr. Wong is not connected with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. He does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Apart from the above, the Offeror may, at an appropriate time, which is on or before the resignation of the existing Directors, nominate new Directors to the Board. Further announcements relating to the appointments of new Directors will be made by the Company if and when appropriate.

Save as disclosed above, it is the intention of the Offeror that there will be no material change in the existing management and employees of the Group following the close of the Offer.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

**The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:**

- **a false market exists or may exist in the trading in the Shares; or**
- **there are insufficient Shares in public hands to maintain an orderly market,**

**it will consider exercising its discretion to suspend trading in the Shares.**

The Offeror intends that the Company will remain listed on GEM after the close of the Offer. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

**If the Company remains a listed company, the Stock Exchange will also closely monitor all future acquisitions or disposals of assets by the Company. Under the GEM Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to its Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power pursuant to the GEM Listing Rules to aggregate a series of transactions and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new listing application as set out in the GEM Listing Rules.**

## **GENERAL**

### **Offer document**

It is noted that Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted by or on behalf of the Offeror within 21 days of this announcement. The Company is required to dispatch a response document in relation to the Offer to the Shareholders within 14 days of the posting of the offer document in accordance with Rule 8.4 of the Takeovers Code. The Offeror and the Company intend to combine the composite document to be posted within the time frame as required under the Takeovers Code. A composite document combining the offer document from the Offeror and the response document from the Company with regard to the Offer will be dispatched to the Shareholders within 21 days of this announcement.

### **Joint financial advisers to the Offeror**

INCU and Hantec have been appointed as the joint financial advisers to the Offeror in relation to the Offeror's Agreement.

### **Independent financial adviser to the Independent Board Committee**

An Independent Board Committee will be established to consider the terms of the Offer taking into account the advice from the independent financial adviser, and to advise the Independent Shareholders in respect of the Offer. An independent financial adviser will be appointed to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Offer and to advise the Independent Shareholders in respect of the Offer. A separate announcement will be made by the Company regarding the appointment of an independent financial adviser as soon as appropriate.

**Warning: The Offer is a possibility only.**

**The Offer will only be made if the Offeror's Agreement is completed. Completion of the Offeror's Agreement is conditional upon the fulfilment or waiver of the Conditions and the Offeror's Agreement not being terminated by the Offeror in accordance with its terms. As Completion of the Offeror's Agreement and the Offer may or may not proceed, Shareholders and investors are advised to exercise caution when dealing in the Shares.**

### **STATUS OF THE LEGAL PROCEEDINGS AGAINST THE VENDOR**

Reference is made to the announcements of the Company made on 30 March 2005 and 14 June 2005 respectively in relation to the Action. The Action essentially involves a claim against the Vendor for a liquidated sum which the Vendor disputes and does not involve a petition to wind up the Vendor or proceedings prohibiting the sale of the Sale Shares by the Vendor.

In the Statement of Claim, it was alleged that certain banking facilities had been granted by the Bank to ACL, which ACL failed to repay. The Bank's claim against the Vendor is based on a guarantee allegedly given by the Vendor in favour of the Bank to secure the said banking facilities. The defence of the Vendor was filed with the Court on 14 June 2005. The Bank has taken no further step to proceed with the Action since the Vendor's filing of the defence, although the Bank was supposed to file a reply on or before 28 June 2005. As at the date of this announcement, no application has been made to the Court for directions for the future conduct of the case.

The Company has been advised by the Vendor that its basic position is that it could not possibly have agreed to execute the alleged guarantee because at all material times, the Vendor had no interest at all in ACL or its business. The Vendor has sought legal advice from its Hong Kong legal advisers in the Action and is satisfied that it has a reasonably good defence to the Bank's claim for the following reasons. Firstly, upon inspection of the alleged guarantee disclosed by the Bank, it was revealed that the document was in fact for execution by one "IA Holdings Limited", not the Vendor, "Internet Appliances (Holdings) Limited". At no time since its incorporation has the Vendor adopted "IA Holdings Limited" as its corporate or trading name. The Bank's claim against the Vendor is based on the slim footing that "IA Holdings Limited" is the same entity as the Vendor. The Statement of Claim has not stated any

grounds or reasons relied upon by the Bank to support its assertion that the Vendor was/is also known as “IA Holdings Limited”. The Vendor contends that such suggestion of the Bank is absolutely unfounded and wholly unsustainable. Secondly, the Statement of Claim also contains no particulars as to how the alleged guarantee had come into existence. Inspection of the said guarantee revealed that the same was signed by an unidentified person, with a seal and a chop purporting to be the seal and the chop of the Vendor. After making due investigations and enquiries, the Vendor is satisfied that the signature now appear on the alleged guarantee is not the signature of any of the Vendor’s present or past directors or officers. And, at no time had the Vendor permitted the seal and the chop of the Vendor to be affixed on the alleged guarantee.

The Vendor has also sought legal advice from its BVI legal advisers that notwithstanding the Action, it has the corporate capacity to transfer the Sale Shares as contemplated under the S&P Agreements subject to the discharge of the Share Charge.

### **Suspension and resumption of trading in Shares**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 July 2005 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 July 2005.

### **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“ACL”	Automotive Communications Limited
“Action”	the legal proceedings commenced on 30 March 2005 by the Bank in the Court against the Vendor for the sum of US\$1,398,895.24 plus interest and costs
“Bank”	KBC Bank N.V.
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and days on which a tropical cyclone signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	IA International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Conditions”	the conditions referred to in the sub-paragraph headed “Conditions” under the paragraph headed “The Offeror’s Agreement” above



“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the aggregate of HK\$4,320,000 for the Offeror’s Sale Shares under the Offeror’s Agreement
“Court”	the Court of First Instance of the High Court of Hong Kong
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules governing the listing of securities on GEM
“Group”	the Company and its subsidiaries
“Hantec”	Hantec Capital Limited, a licensed corporation permitted to carry out types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under SFO
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INCU”	INCU Corporate Finance Limited, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under SFO
“Independent Board Committee”	a committee of the Board comprising the three independent non-executive Directors constituted to advise the Independent Shareholders in connection with the Offer
“Independent Shareholders”	Shareholders other than the Offeror and Parties acting in concert with it
“Investors”	Wise Orient Limited, Treasure Winner Enterprises Limited and Castleford Assets Limited together
“Investors’ Consideration”	the total consideration payable for the sale and purchase of the Investors’ Sale Shares
“Investors’ Agreements”	three separate agreements all dated 12 July 2005 and entered into between the Vendor, Investors and the Warrantors in relation to the sale by the Vendor and the purchase by the Investors of the Investors’ Sale Shares
“Investors’ Sale Shares”	45,000,000 Shares owned by the Vendor, which form the subject matter of the Investors’ Agreements



“Lender”	Grace Delta Limited, a company wholly owned by Mr. Yang Pei Gen. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Grace Delta Limited and Mr. Yang Pei Gen are third parties independent of the Company and connected persons of the Company, the Offeror, Parties acting in concert with the Offeror, and their respective connected persons
“Loan Agreement”	a loan agreement dated 11 May 2005 made between the Lender and the Vendor as the borrower for a term loan of HK\$5,000,000
“Long Stop Date”	9 August 2005, being the date falling 28 days after the date of the Offeror’s Agreement or such later date as the Offeror and the Vendor may agree
“Mr. Lau”	Mr. Lau Kim Hung, Jack, 100% beneficial owner of the Offeror
“Offer”	the possible mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror or Parties acting in concert with it at HK\$0.024 per Share that will be made after completion of the Offeror’s Agreement by Hantec on behalf of the Offeror in accordance with the Takeovers Code
“Offeror”	Starryland Profits Limited, a company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Lau
“Offeror’s Agreement”	the agreement dated 12 July 2005 and entered into between, the Vendor, the Offeror and the Warrantors in relation to the sale by the Vendor and the purchase by the Offeror of the Offeror’s Sale Shares
“Offeror’s Sale Shares”	180,000,000 Shares owned by the Vendor, which form the subject matter of the Offeror’s Agreement
“Parties acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“S&P Agreements”	the Offeror’s Agreement and the Investors’ Agreements
“Sale Shares”	collectively, the Offeror’s Sale Share and the Investors’ Sale Shares

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.05 each in the share capital of the Company
“Share Charge”	a share charge dated 11 May 2005 given by the Vendor in favour of the Lender as security for a term loan of HK\$5,000,000 granted to the Vendor pursuant to the Loan Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Statement of Claim”	the Statement of Claim filed by the Bank in the Action on 26 April 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Internet Appliances (Holdings) Limited, a company incorporated in the British Virgin Islands and is owned by Global Plus Ltd., which is wholly owned by Mr. Cheng Kwong Chung, Team Concept Limited, which is wholly owned by Mr. Chiu Ting San, Perfect Chance Limited, which is wholly owned by Mr. Wong Ping Wing and IT Motion Corp., which is wholly owned by Ms. Wang Lee Lee, in the proportion of 35%, 25%, 25% and 15% respectively
“Warrantors”	Mr. Cheng Kwong Chung and Mr. Chiu Ting San
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the board of  
**Starryland Profits Limited**  
**Lau Kim Hung, Jack**  
*Sole director*

By order of the board of  
**IA International Holdings Limited**  
**Li Ting**  
*Chairman*

Hong Kong, 13 July 2005

*As at the date of this announcement, the Company's executive Directors are Mr. Li Ting and Mr. Zhang Fulin, and the Company's independent non-executive Directors are Ms. Leung Wai Ling, Wylie, Mr. Gui Gan and Ms. Guo Wen Hong.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group and the Investors) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that relating to the Group and the Investors) the omission of which would make any statement in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Offeror, the terms and conditions of the Offer and the Offeror's intention regarding the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the Offeror, the terms and conditions of the Offer and the Offeror's intention regarding the Group) the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from its date of publication.*